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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000298

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E.O. 12958: DECL: 02/06/2012

TAGS: [PREF](#) [PREL](#) [EAID](#) [AORC](#) [PHUM](#) [NP](#)

SUBJECT: BHUTANESE REFUGEES: NEPAL TO GRANT OPTION OF RETURN

REF: A. 01 KATHMANDU 2203

[1](#)B. 01 NEW DELHI 8349

[1](#)C. 01 KATHMANDU 1736

Classified By: A/DCM Michael S. Hoza. Reason: 1.5 (B, D).

[1](#)1. (C) Summary. Nepal intends to grant verified Bhutanese refugees the "option of return" to Bhutan and will allow those who wish to stay in Nepal to do so, Foreign Ministry officials have indicated. UNCHR views this development as extremely positive. Despite Kathmandu's efforts to fix a date, Bhutan and Nepal have not yet agreed on arrangements for the next Bhutan-Nepal Ministerial. Nepal still felt third parties should be involved in the process, but was not yet ready to approach third parties once again for assistance. Nepal's offer seems to have been a calculated risk to build Bhutanese confidence. End Summary.

Nepal to Grant Refugees "Option of Return"

[1](#)2. (C) Nepal will grant verified Bhutanese refugees the "option of return" to Bhutan, MFA Joint Secretary Gyan Chandra Acharya told us in recent meetings. Nepal would then "take care of" those individuals who chose not to repatriate. Acharya held back from saying explicitly that those who wanted to stay would be allowed to settle in Nepal - "Nepal will not force refugees to go back; beyond that we cannot say" - although in answering our queries he indicated that that was what he meant. Acharya stated that Nepal still wanted Bhutan to agree, "in principle," to accept all its nationals back. On the other hand, Nepal also has concerns about how Bhutan would deal with repatriated refugees, and understood that some refugees would want to remain in Nepal.

[1](#)3. (C) The UNHCR Representative in Kathmandu commented that Nepal's offer to give the "option of return" was an "extremely positive" breakthrough," and showed Nepal's flexibility.

Ministerial Meeting Still Elusive

[1](#)4. (SBU) Nepal has been trying to get Bhutan to agree to a Ministerial-level meeting to discuss Bhutanese refugees, Acharya said. (Note: The two nations last met when at the Foreign-Secretary level in early November (Reftel). At the recent SAARC Summit in Kathmandu, the two sides reportedly held informal discussions on the refugee issue. End Note.) Nepal wanted to ensure that the meeting would be productive; specifically, Kathmandu hoped to "harmonize" positions on categorization. Bhutan was "trying to be a little bit flexible," but Nepal remained frustrated by progress to date. According to Acharya, Bhutan has agreed that repatriation will begin after agreement is reached on categorization, and Kathmandu is hopeful that some refugees could be repatriated this year.

[1](#)5. (SBU) Acharya added that his side told the Bhutanese that Nepal has no designs on Bhutan, and has been trying to develop trade, joint ventures, tourism and sports competitions between the two countries in an effort to build ties with and reassure Thimpu.

Nepal Keen on Third Party Involvement

[1](#)6. (SBU) Nepal may ask again for the involvement of third parties to break a deadlock and move forward, Acharya said (Ref B). Third party involvement in the process will help, Nepal insists. Bhutan does not regard third party involvement as so important, Acharya said, although the Bhutanese government does not reject it outright. He stated his conviction that third parties should not be kept on the margin, but rather should be part of the mainstream.

Comment: Opening Doors

[1](#)7. (C) Nepal's decision to grant the refugees the option not to go back to Bhutan was a calculated risk to build Bhutan's

confidence. After an initial burst of euphoria following the initiation of the joint verification process early last year, the Nepalis have become increasingly frustrated at the slow pace of the process to date, and have repeatedly asked for U.S. help in influencing Bhutan to move the process forward. The "option of return" policy was their own effort to get it moving. For better or worse, the policy opens a door that, once ajar, cannot be closed.

MALINOWSKI